

Federal Deposit Insurance Corporation (FDIC)**Bank On It**

Use this tip sheet to familiarize yourself with basic processes and terms involved in setting up bank accounts and services. This tip sheet covers the following topics:



- Identifying financial institutions
- Opening a checking account
- What to expect after opening a checking account
- An overview of common banking services

Tip #1:**Identify Financial Institutions**

There are three major types of financial institutions. Each of the following is federally insured and follows state and federal banking laws:

1. **Banks:** A financial institution that provides many services, including loans, credit cards, and checking and savings accounts.
2. **Savings and loans:** A thrift or savings and loan is a type of bank that specialize in savings accounts and making loans for people who are ready to buy a home.
3. **Credit unions:** A non-profit financial institution that is owned by all of its account holders.

Tip #2:

Open a Checking Account

When opening a checking account, be sure to:

❑ **Request:**

Written information about the account you are being offered. This right is guaranteed to all consumers under the Truth in Savings Act, and is called a disclosure. Disclosures will help you to shop for the best account.

❑ **Bring:**

1. *Valid photo ID:*

Two forms of identification (at least one must be a valid photo ID). You may bring driver's license, state issued identification, passport, or foreign government identification card.

2. *Taxpayer Information:*

You may bring your social security number or individual taxpayer identification number.

3. *Personal Information:*

Your address, phone number, date of birth, and mother's maiden name.

4. *Deposit:*

Check or cash for your first deposit.

❑ **Expect:**

You should expect the bank to review your history of using checking accounts through various companies. This process is called *account verification*.

❑ **Ask**

The bank when your funds will be available to use.

Tip #3:

What to Expect After You Open a Checking Account

After you open a checking account, expect:

- ❑ To receive temporary checks from your bank until checks with your name and address can be printed.
- ❑ A hold to possibly be placed on your account. This means the money won't be available right away. This hold may last anywhere from 5-11 days.
- ❑ Local checks to be available in your account in two days. Out of town checks may take up to 5 days.

Tip #4:

Know Common Banking Services

As an account holder at a bank, these are some common services that may be available to you:

- ❑ **Direct deposit:** A feature that allows your employer to directly deposit your paycheck into your bank account. Your money is available the day it is deposited into your account.
- ❑ **Money order:** Used to pay bills or make purchases in situations where cash or checks are not accepted. Most banks and businesses sell money orders for a fee.
- ❑ **Wire transfer:** Instantly moves money directly from one bank to another. Used when money needs to be transferred to someone or someplace quickly. Remember to ask about the currency exchange rate and the fees charged.
- ❑ **ATM (Automated Teller Machine):** A computer that does the work typically done by a bank teller.
- ❑ **Debit card** (also known as a “check card”): A card that allows you access to an ATM and to make purchases from any business that accepts the card.
- ❑ **Loans:** Money you borrow from the bank to make a major purchase.
- ❑ **Online banking:** If you have access to the Internet, this feature allows you to view your account activity, make transfers between accounts, and pay your bills.
- ❑ **Telephone banking:** This is another way you can get information about your account activity, make transfers between accounts, and report a stolen ATM card.